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Current Economic Analysis I-22

Industrial Fishery Products

Market Review and Outlook

Economic and Marketing Research Division
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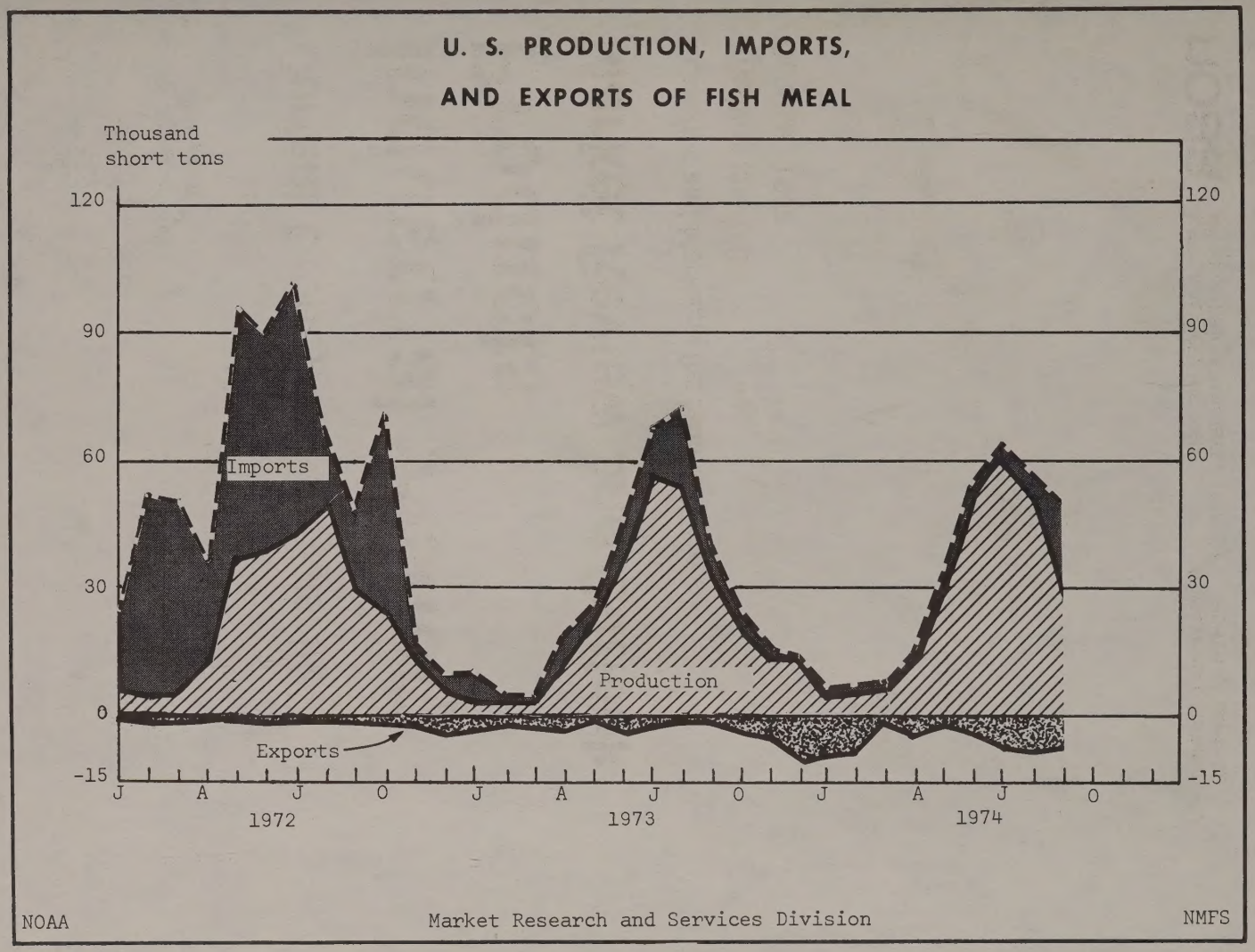
U. S. PRODUCTION, IMPORTS,
AND EXPORTS OF FISH MEAL
Thousand
short tons
120
90
60
30
0
-15
Imports
Production
Exports
J A J O J A J O J A J O
1972
1973
1974
NOAA
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Figure 1

INDUSTRIAL FISHERY PRODUCTS MARKET REVIEW AND OUTLOOK

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SUMMARY

FISH MEAL

Supplies of fish meal in January-September 1974 lowest in 20 years owing to low imports and increased exports. U.S. production highest since 1962.

Imports only 62 percent of a year ago. No imports from Peru until September.

Exports higher than imports. World production of fish meal improving, but still low. Peru's production in January-June up 46 percent from last year's low level.

Exports from FEO 1/ countries down 26 percent--stocks higher. U.S. broiler placements declining towards the end of the year.

October prices of menhaden meal averaged $301.25 per ton--29 percent below the same month a year ago.

Outlook: Peru's production for 1974 expected to be 1.1 million metric tons. Notable increase in U.S. imports during the last quarter of 1974. Price prospects weak in short run.

FISH SOLUBLES

Supplies of fish solubles in January-September 1974 slightly up from a year ago.

Demand relatively weak. Prices in September less than half of January level.

Outlook: 1974 production same as a year ago. Prices likely to strengthen in next few months.

1/ Fishmeal Exporters Organization: member countries are Angola, Chile, Iceland, Norway, Peru, and South Africa.

FISH OIL

U.S. production in January-September 1974 up 12 percent from a year ago.

Domestic use increased by 33 percent.

Exports down. Prices record high and relatively steady.

Outlook: Continuing strong world demand. Increase in world supplies of fish oil. Total supplies of oils and fats about equal to demand for first half of 1974.

FISH MEAL

REVIEW

Supplies

U.S. supplies of fish meal during January-September 1974 were the lowest since the mid-50's. The amount available for domestic use (excluding stocks, which are not reported) in the first 9 months was 241,500 tons[2/], down about 11 percent from a year ago and less than half of the quantity available during the same months in 1972. Low domestic supplies were the result of low imports and increased exports. Supplies in September, however, were up 7 percent from a year ago because of revival of imports from Peru.

Fish Meal Production in the United States

U.S. production of fish meal during January-September 1974 was the highest in 12 years. The domestic industry produced about 255,200 tons of fish meal during the first 9 months of 1974--up 11 percent from a year ago (table 1). Menhaden meal production was highest in

Table 1.--Supplies[1/], production, and imports of fish meal in the United States, by month, 1972-74[2/]

Month	Supplies			Production			Imports		
	1972	1973	1974 3/	1972	1973	1974 3/	1972	1973	1974
	Thousand short tons								
January	24.6	10.3	6.4	6.3	3.0	5.5	18.3	7.3	1.0
February	52.9	5.1	8.0	4.7	3.5	7.0	48.1	1.6	1.0
March	51.1	5.4	8.3	5.5	5.0	6.8	45.6	0.4	1.5
April	36.8	18.9	15.0	12.9	12.6	12.9	23.9	6.3	2.1
May	96.2	26.6	33.8	37.0	24.2	31.7	59.2	2.4	2.1
June	90.1	43.9	53.6	38.6	38.7	52.0	51.4	5.2	1.5
July	101.9	68.3	62.9	42.5	56.8	60.2	59.4	11.5	2.7
August	67.6	72.1	56.0	52.4	51.2	50.9	15.3	20.9	5.1
September	47.4	40.5	50.4	29.6	35.1	28.7	17.8	5.3	21.8
October	71.1	26.1	24.9	24.9	21.1	17.0	46.2	5.0	7.9
November	15.9	15.5		13.6	14.2		2.3	1.4	
December	10.5	13.8		6.1	13.8		4.5	1.2	
Total 4/	666.1	346.4		274.1	279.1		392.0	68.5	

1/ Production plus imports; exports not deducted.
2/ Excludes meal made from shellfish.
3/ Preliminary.
4/ Figures may not add to total because of rounding.

2/ In general, domestic figures are expressed in short tons and foreign figures in metric tons. Short tons are used in this report unless otherwise specified. To convert metric tons to short tons multiply by 1.1023.

3 years--186,700 tons (table 2). Last year's January-September production was 168,900 tons. The increase is mainly due to higher landings in the Gulf Coast area. Landings in that area increased by about 20 percent from a year ago. Three new modern vessels have entered the fishery, and some old vessels have been made more efficient. Total menhaden landings were 1,782 million pounds in January-September 1974, compared with 1,634 million a year ago.

Production of "unclassified" meal increased from 20,000 tons in January-September 1973 to 26,000 tons this year. The increase is attributable mainly to additional capacity in the processing of nonspecified industrial fish on the West Coast and in the Gulf. Two new plants began production in Alaska, and one plant shifted from menhaden to other species in the Gulf Coast area.

Table 2.--U.S. fish meal production by raw material source, 1973-74.

	Source				Total 2/
	Menhaden 1/	Anchovy	Tuna and mackerel	Unclassified	
	Thousand short tons				
1973					
Jan.-June	49.2	6.8	19.0	11.9	86.9
July	49.3	-	4.1	3.3	56.8
August	44.3	0.5	3.9	2.5	51.2
September	26.0	3.3	3.5	2.4	35.1
1974					
Jan.-June	72.3	4.7	23.8	14.6	115.4
July	51.2	-	4.1	4.9	60.2
August	42.2	0.1	4.4	4.2	50.9
September	21.1	0.4	4.5	2.7	28.7

1/ May include small quantities made from other species.
2/ Figures may not add to total because of rounding.
Note: Data for 1974 subject to revision. Data excludes meal made from shellfish.

Imports and Exports

U.S. imports of fish meal during January-September were the lowest in 20 years. ABout 38,600 tons were imported compared with 60,900 tons in January-September 1973. There were no imports from Peru in January-August. In September, however, imports from Peru resumed, and about 13,700 tons of Peruvian fish meal were received in the United States (table 3). This pushed the total import figure for September to 21,800 tons, the highest monthly figure since October 1972.

Because of the exceptionally low imports in January-September, and an increase in exports, the United States was a net exporter of fish meal during January-September 1974 (table 4). U.S. exports of fish meal were 52,300 tons, about 35 percent higher than imports. Exports were also considerably higher this year than a year ago when January-September exports were 18,200 tons. West Germany took about 60 percent of United States fish meal exports.

Table 3.--U.S. imports of fish meal by country of origin, 1973 - 74

Time period	Country of origin				Total 1/
	Canada	Peru	Norway	Other	
	Thousand short tons				
1973					
January-June	8.8	14.0	-	0.3	23.2
July	3.3	6.6	-	1.6	11.5
August	3.0	17.9	-	2/	20.9
September	2.1	3.2	-	-	5.3
Total	17.2	41.8	-	1.9	60.9
1974					
January-June	8.7	-	-	.258	9.0
July	2.7	-	-	-	2.7
August	5.1	-	-	-	5.1
September	4.8	13.7	3.3	-	21.8
Total	21.3	13.7	3.3	.258	38.6

1/ Figures may not add to total because of rounding.
2/ Less than 0.05.

Table 4.--U.S. exports of fish meal, by month, 1972-74

Month	1972	1973	1974
	Thousand short tons		
January	-	3.0	8.9
February	0.3	1.6	8.8
March	.3	2.6	1.1
April	.1	3.0	3.9
May	-	.5	1.9
June	.1	3.2	3.3
July	.3	2.4	7.3
August	.4	1.1	8.9
September	1.9	.8	8.0
October	1.7	3.5	1.7
November	1.8	3.7	
December	3.6	11.3	
Total 1/	10.5	36.7	

1/ Figures may not add to total because of rounding.

Table 5 .--Production of fish meal in eight major exporting countries, January-June 1973-74

Country	1973	1974	Percentage of total production: 1973	1974
	Thousand metric tons		Percent	
Angola	71	1/ 45	6.7	3.4
Canada	18	17	1.7	1.3
Chile	40	74	3.8	5.7
Denmark	70	1/ 169	6.6	12.9
Iceland	82	85	7.8	6.5
Norway	211	184	20.0	14.1
Peru	375	547	35.6	41.9
South Africa	187	186	17.8	14.2
Total	1054	1307	100.0	100.0

1/ Estimated.

World Production of Fish Meal

World production of fish meal during the first half of 1974 was higher than the year before, but nonetheless was considerably below the latest 5-year average. The eight major exporting countries produced about 1.3 million tons in January-June 1974--up about 24 percent from the year earlier, but about 27 percent less than the 1968-72 average for the same period (table 5). Improvement in the anchovy catch in Peru was the major factor in the increase in world production of fish meal during the first half of 1974. The Peruvian catch was about 2.4 million metric tons compared with about 1.7 million a year before. Production of fish meal in Chile as well as Denmark also increased. A decreased run of capelin was the main reason for the lower production of fish meal in Norway.

Exports of FEO Countries

Despite the increased production in the member countries of the Fishmeal Exporters Organization (FEO), exports in January-June 1974 were below the same period a year ago. Peru was the leading exporter, although it exported only 126,000 metric tons during the first half of 1974, compared with 141,000 tons a year ago and 1.1 million tons in January-June 1972.

Table 6.--Exports of fish meal from FEO 1/ countries, January-June 1973-74

Country	1973	1974	Percentage of total exports: 1973	1974
	Thousand metric tons		- - - - - Percent - - - -	
Angola	55	2/ 35	10.6	9.1
Chile	10	35	1.9	9.1
Iceland	74	52	14.2	13.5
Norway	186	119	35.6	30.9
Peru	141	126	27.0	32.7
South Africa	56	18	10.7	4.7
Total	522	385	100.0	100.0

1/ Fishmeal Exporters Organization.
2/ Estimated.

Norway exported 119,000 tons of fish meal during the first 6 months of 1974--36 percent less than the 186,000 tons the year before. The only FEO member country that increased exports was Chile. Chile's exports in January-June 1974 were 35,000 tons compared with only 10,000 tons the previous year. About 25 percent of the exports from FEO countries went to West Germany. Socialist countries received about 30 percent, about half of which came from Peru. Only 4 percent of the FEO exports came to the United States.

Fish Meal Stocks in FEO Countries

Stocks of fish meal held by FEO countries on July 1, 1974, were about 768,000 metric tons--up 57 percent from a year earlier, but only slightly higher than July 1 stocks in 1972 (table 7). Peru held about 54 percent of the total FEO stocks on July 1, 1974, a somewhat smaller share than the previous 5 years.

Table 7.--FEO 1/ fish meal stocks held July 1, 1972, 1973 and 1974

Country	Thousand metric tons			Percentage of FEO total stocks		
	1972	1973	1974	1972	1973	1974
				Percent		
Angola	20	16	2/ 16	2.7	3.3	2.1
Chile	14	24	46	1.9	4.9	6.0
Iceland	13	7	34	1.8	1.4	4.4
Norway	173	89	141	23.8	18.2	18.4
Peru	447	285	414	61.5	58.5	53.9
S. Africa	60	67	117	8.3	13.7	15.2
Total	727	488	768	100.0	100.0	100.0

1/ Fishmeal Exporters Organization.
2/ Estimated.

Demand

Broiler Placements

Over 2.2 billion broiler chicks were placed on farms in the 21 leading broiler producing States during January-September 1974, about the same as a year ago (table 8). However, the placements were declining toward the end of the period. In the first 5 months of the year, broiler placements averaged about 2.5 percent above the previous year. High production costs in recent months have discouraged broiler production, and placements in June-September averaged nearly 3 percent below a year ago. The decline became more pronounced towards the end of the year. In September, the placements were about 9 percent and in October about 13 percent below last year.

Table 8 --Broiler chick placements in 22 States, and average broiler price at the farm, by month

Month	1972		1973 1/		1974 1/	
	Chicks placed 2/	Broiler price	Chicks placed 2/	Broiler price	Chicks placed 2/	Broiler price
	Million	Cents/lb.	Million	Cents/lb.	Million	Cents/lb.
January	260.5	13.4	255.3	17.2	225.7	20.9
February	256.4	14.6	230.0	19.4	241.4	23.7
March	282.2	14.5	276.4	23.3	280.7	22.5
April	277.8	13.1	207.9	25.5	269.8	21.2
May	285.0	13.6	251.8	23.8	277.9	20.6
June	271.7	14.3	320.1	24.5	261.8	18.6
July	259.8	15.7	196.7	26.4	237.8	20.4
August	260.2	14.6	255.0	37.8	231.8	20.4
September	229.6	15.5	238.0	30.3	211.0	
October	237.3	14.6	239.6	24.3		
November	239.9	13.8	240.1	19.4		
December	249.7	14.0	289.0	19.3		
Total placements and average price	3,110.2	14.3	2,969.9	24.3		

1/ 21 States, 1974 preliminary.
2/ Weekly broiler chick placements prorated between months.
Note: Figures may not add to total because of rounding.

Sources: Delmarva Broiler Chick Report, U.S. Department of Agriculture, Statistical Reporting Service, and Poultry and Egg Situation, U.S. Department of Agriculture, Economic Research Service.

Broiler prices at farm averaged about 21 cents per pound in January-August 1974. This was nearly 4 cents per pound less than a year ago. During the same period prices of broiler feed averaged about 11 percent above a year before. The incerease in feed prices is attributable mainly to high prices of corn, a major ingredient in broiler feed. Corn prices in January-August 1974 averaged 47 percent above a year ago.

Soybean Meal Price

Prices of soybean meal (50 percent protein) during January-September 1974 averaged $150 per ton at Decatur, Ill.,--sharply down from the $288 per ton a year ago, or $47 per ton higher than the average of the same period in 1972 (table 9). Average price declined from $223 per ton in December to $110.50 per ton in June. Worsened crop prospects due to weather damages during the summer have contributed to higher prices since June. The average price for soybean meal in September was $147.25 per ton, about $85 below a year ago, but $29 higher than in September 1972(Fig. 2).

Table 9 .--Average monthly prices of soybean meal 1/ at Decatur, Ill., 1972-74

Month	1972	1973	1974
	- - - - - Dollars per short ton - - - - -		
January	89.40	210.40	192.40
February	91.50	240.00	175.25
March	98.60	224.90	160.40
April	101.80	228.40	130.40
May	103.30	346.60	120.00
June	104.90	450.00	110.50
July	111.60	346.00	147.10
August	111.00	316.25	165.90
September	117.90	231.90	147.25
October	118.60	175.60	
November	133.00	179.00	
December	195.00	223.00	
Average 2/	115.70	231.90	

1/ 50 percent protein, bulk.
2/ Average weighted by monthly production of soybean meal and cake.

Source: Feed Market News, U.S. Department of Agriculture, Consumer and Marketing Service, Grain Division.

Table 10.--Ratio of Peruvian fish meal price 1/ to soybean meal price 2/, by month, 1972-74

Month	1972	1973	1974
	Price ratio		
January	1.83	1.65	3/ 2.77
February	1.79	1.69	3/ 2.58
March	1.67	1.83	3/ 2.52
April	1.68	1.77	3/ 2.62
May	1.75	1.38	3/ 2.28
June	1.68	-	3/ 2.38
July	1.62	1.43	3/ 1.66
August	1.73	1.54	3/ 1.89
September	1.65	3/ 1.96	3/ 1.87
October	1.78	3/ 2.42	
November	1.74	3/ 2.43	
December	1.24	3/ 2.41	
Average	1.55	N.A.	

1/ 65 percent protein, f.o.b. East Coast ports, as quoted at New York City.
2/ 50 percent protein, bulk, wholesale at Decatur, Ill.
3/ Ratio of menhaden meal price to soybean meal price.

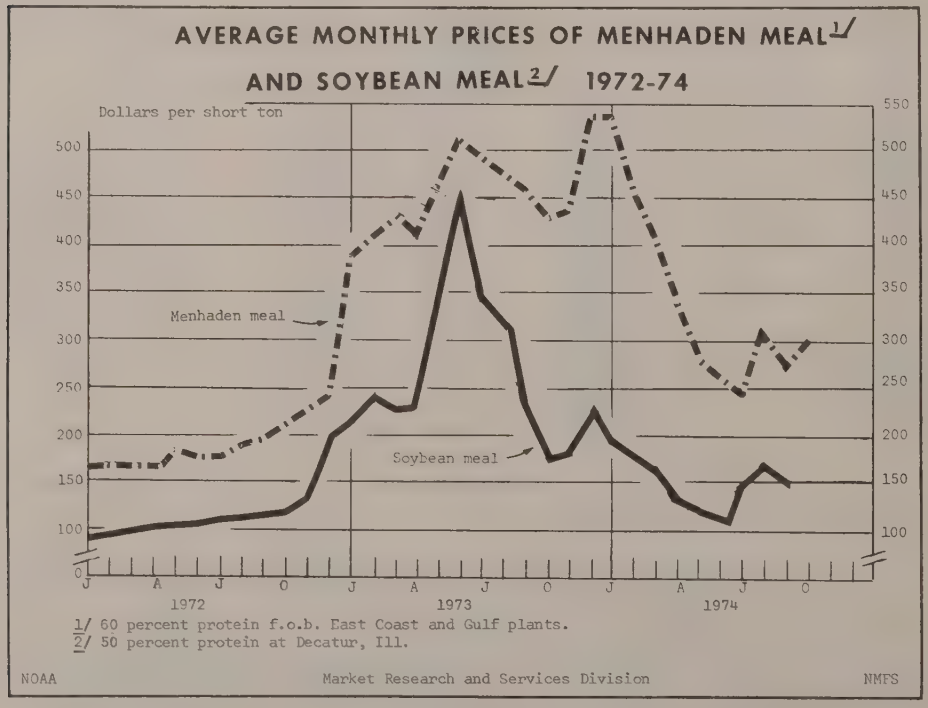


Figure 2

Fish Meal Prices

The average price of menhaden meal followed the general price developments of soybean meal in January-September. Prices declined sharply during the first half of the year yet began to strengthen towards the end of the year. The prospect of lower availability of soybean meal, which is the major competitor to fish meal, was the main reason for price increases since July.

Table 11--Average monthly price of menhaden meal 1/ f.o.b. East Coast and Gulf points, 1972-74

Month	1972	1973	1974
	Dollars per short ton		
January	164.70	2/ 389.50	2/ 532.50
February	165.00	2/ 410.10	2/ 452.50
March	164.70	2/ 424.10	403.75
April	168.20	2/ 409.50	342.00
May	181.10	457.50	273.10
June	175.00	508.10	263.00
July	178.50	497.10	243.50
August	189.70	473.90	3/ 314.35
September	193.90	456.60	275.50
October	210.20	425.00	301.25
November	227.50	2/ 436.25	
December	237.50	2/ 537.50	
Average 3/	185.50	478.58	

1/ 60 percent protein, bulk, as quoted by brokers at New York City.
2/ Nominal price.
3/ Asking price.
4/ Average weighted by monthly production of menhaden meal.

The average monthly price of menhaden meal dropped from the January high of $532.50 per ton to $243 in July. The average price in October was $301.25 per ton--about $124 per ton less than a year ago (table 11). The prices of tuna and mackerel meal declined from $453 per ton in January to $207.90 per ton in July and were $240 per ton in October (table 13). From October 1973 through September 1974, supplies of Peruvian fish meal were exhausted in the United States. Although some Peruvian fish meal was imported in September, prices were not quoted in the open market in that month. At the end of October, the price of Peruvian meal was quoted at $310 per ton at Gulf ports.

Table 12.--Average monthly prices of Peruvian fish meal 1/ f.o.b. East Coast ports, 1972-74

Month	1972	1973	1974
	- - - - - Dollars per short ton - - - - -		
January	163.30	2/ 347.25	3/ -
February	163.60	2/ 406.25	3/ -
March	164.00	2/ 411.90	3/ -
April	171.50	2/ 405.00	3/ -
May	180.60	2/ 480.00	3/ -
June	176.10	3/ -	3/ -
July	180.90	493.75	3/ -
August	192.00	487.50	3/ -
September	194.90	3/ -	3/ -
October	210.80	3/ -	3/ -
November	231.00	3/ -	
December	241.00	3/ -	
Average 4/	179.20	451.70	

1/ 65 percent protein, bulk, f.o.b. East Coast ports.
2/ Nominal price.
3/ Supplies exhausted, no quotes.
4/ Average weighted by monthly imports of Peruvian fish meal.

Table 13.--Average monthly prices of tuna and mackerel meal 1/, at Los Angeles, 1972-74

Month	1972	1973	1974
	- - - - - Dollars per short ton - - - - -		
January	135.00	187.00	453.00
February	137.60	2/	390.00
March	135.00	360.00	301.88
April	138.40	390.00	274.50
May	142.80	393.80	281.25
June	147.80	468.75	242.25
July	154.00	474.00	207.90
August	172.50	480.00	3/ 296.25
September	174.00	408.75	222.00
October	176.40	309.00	240.00
November	181.40	345.00	
December	187.00	455.62	
Average 4/	155.90	396.35	

1/ 60 percent protein, bulk, as quoted by brokers at Los Angeles.
2/ No quotes.
3/ Asking price.
4/ Average weighted by monthly production.

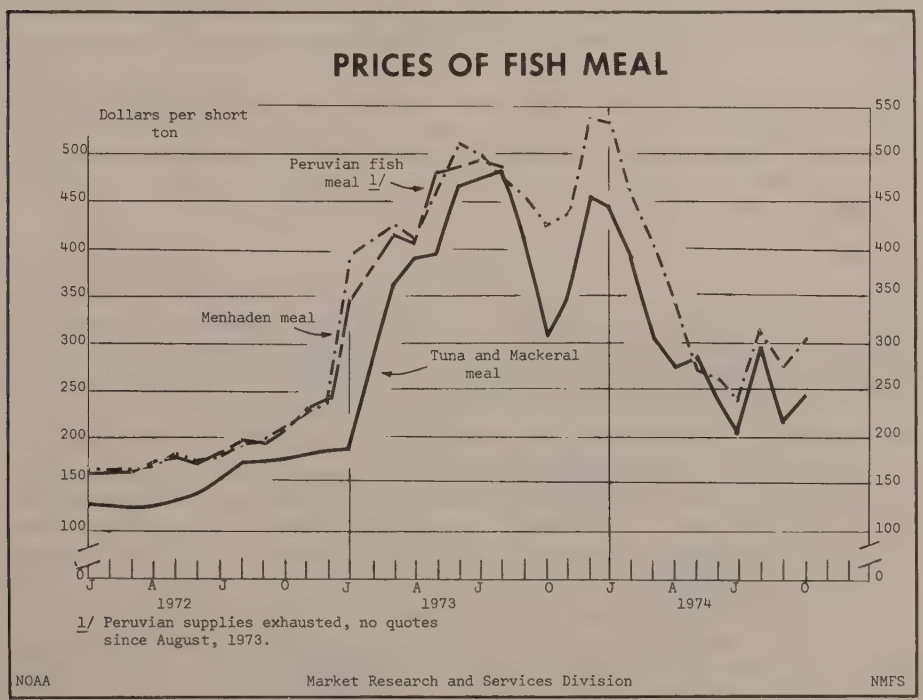


Figure 3

OUTLOOK

Catch quota in the Peruvian anchovy fishery for October-December was set at 2.5 million metric tons thus making the catch expectation for calendar year 1974 about 5 million metric tons. This catch would correspond with fish meal production of about 1.1 million metric tons.

October landings were about 729,000 tons and fish meal production about 166,000 tons, bringing total fish meal production for the first 10 months of 1974 to about 724,000 metric tons. This corresponds to about half of the 1967-71 average output for January-October. Peruvian sources forecast the 1975 fish meal production to be about 1.3 million metric tons. The 1967-71 average annual production was 1.9 million metric tons.

Peruvian exports of fish meal through September were estimated at 320,000 tons, and another 300,000 tons were sold for the rest of 1974 shipments. Additional sales of about 80,000 tons for 1975 shipments were completed by the end of October.

The United States imports from Peru in October-December, which we expect to be about 25,000 tons, have already been contracted to the United States. U.S. imports of fish meal from all sources in 1974 are expected to total about 85,000 tons, or an increase of about 30 percent over 1973.

Total domestic production of fish meal for 1974 is expected to be the highest in 12 years, possibly reaching 300,000 tons. Increased fishing effort and generally favorable weather are the main reasons for this year's excellent catch. Fish meal production is traditionally low during the first quarter of the year when the menhaden fishery is inactive. Because of increased production of fish meal from anchovy, tuna and mackerel, and other species, we estimate the first quarter production in 1975 to be about 20,000 short tons.

Soybean meal production is relatively heavy, and demand is seasonably light. The decline of broiler placements is expected to continue, and downward adjustments of livestock feeding indicate a reduced demand for feed in the United States in 1975. Considering also the partial recovery of the Peruvian fish meal production, the price tendency of fish meal appears weak--at least for the near future.

On the other hand, USDA estimates the total soybean supplies for the new season at 1,416 million bushels, 13 percent below a year ago. U.S. supplies of soybean meal for the 1974/75 season will be about 18.5 million tons, 7 percent below last season. Thus, the lower expected supplies of soybean meal will offset much of the influence of reduced demand.

U.S. exports of fish meal are influenced by the prices paid by the U.S. market and the prices paid by foreigners. In recent months prices in West Germany, the major foreign market for United States fish meal, have declined faster than in the United States suggesting a reduction in the United States exports of fish meal in the near future.

FISH SOLUBLES

REVIEW

Supplies

The total amount of fish solubles available in the United States in January-September 1974 was 115,100 tons--up about 3 percent from a year ago. All but 19 tons of the supplies came from domestic production.

Production of menhaden solubles was 94,100 tons--slightly higher than a year ago. In relation to the quantity of meal produced the production of menhaden solubles was relatively low. This change suggests that more solubles were added to the meal press cake this year than a year ago.

Demand

Prices of menhaden solubles declined steadily from a February high of $165 per ton (quoted by brokers in New York City) to $80.50 per ton in September (table 15 and fig. 4). The drop in price of solubles was caused by the decline in prices of menhaden meal. The ratio between the price of menhaden meal and the price of menhaden solubles increased during the recent months, thus indicating relatively sluggish demand for solubles.

OUTLOOK

We expect that total supplies of fish solubles in 1974 will be about the same as last year's 138,000 tons. Nearly all of the solubles will be from domestic production, and imports will be negligible. Supplies of solubles during the first quarter of 1974 will depend mainly on production from tuna and mackerel and from unclassified species, because very little or no menhaden is landed during this period. This category has shown some increase in recent years.

Prices of fish solubles may increase slightly during the winter, although it is likely that the demand will be relatively weak.

Table 14--Total fish solubles available in the United States: production plus imports, by month, 1972-74

Month	1972	1973	1974
	Thousand short tons		
January	2.5	.5	1.8
February	2.1	1.2	1.6
March	2.5	1.3	3.0
April	5.3	5.8	6.0
May	14.5	10.6	12.1
June	19.2	19.8	26.4
July	21.7	25.9	26.4
August	28.1	28.3	24.4
September	12.9	18.4	13.4
October	14.4	10.8	5.8
November	8.3	8.3	
December	2.9	6.9	
Total 1/	134.5	137.7	

1/ Figures may not add to total because of rounding.

Data for 1973 and 1974 are subject to revision.

Table 15.--Average monthly price of menhaden solubles 1/, f.o.b. East Coast plants, 1972-74

Month	1972	1973	2/ 1974
	Dollars per short ton		
January	2/ 40.40	80.50	159.00
February	38.05	105.50	165.00
March	35.90	115.00	3/ 132.50
April	35.90	111.00	3/ 129.16
May	38.90	126.25	3/ 103.75
June	40.10	142.50	3/ 94.75
July	39.75	139.00	83.00
August	40.60	133.75	86.25
September	42.80	128.50	80.50
October	52.75	3/ 125.00	85.00
November	66.90	3/ 131.25	
December	72.50	3/ 150.00	
Average 4/	43.45	134.88	

1/ In tank cars; prices quoted by brokers at New York City.
2/ East and Gulf Coasts.
3/ Asking price.
4/ Weighted average.

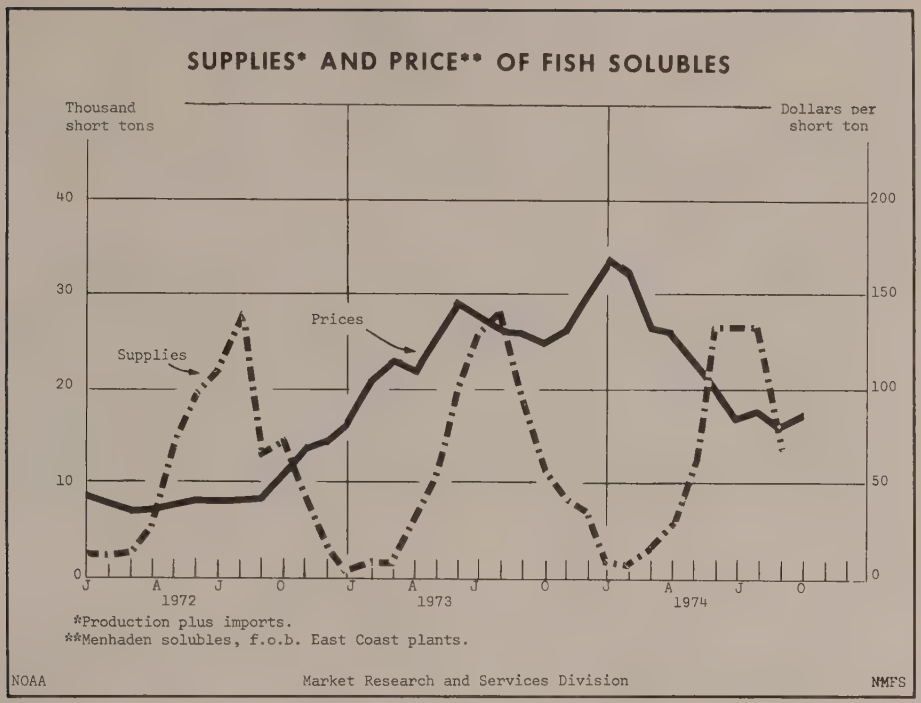


Figure 4

Table 16--U.S. production of fish oil, by month, 1972-74

Month	1972	1973	1974
	Million pounds		
January	1.4	0.4	1.1
February	0.9	.4	1.0
March	.7	.6	1.0
April	4.8	4.7	7.0
May	30.8	18.1	30.5
June	28.0	37.2	44.8
July	32.6	58.5	57.7
August	45.5	50.9	56.3
September	23.2	30.2	28.3
October	15.2	15.3	7.2
November	4.3	4.6	
December	1.2	3.7	
Total 1/	188.4	224.6	

1/ Figures may not add to total because of rounding.
Data for 1973 and 1974 are subject to revision.

FISH OIL

REVIEW

Supplies

U.S. Production

Production of the U.S. fish oil was 225.8 million pounds in January-September 1974, about 12 percent higher than a year ago (table 16). The increase was mainly caused by the close-to-record production of menhaden oil. The domestic industry produced about 211.8 million pounds of menhaden oil compared with 187.3 million pounds a year ago. Production of tuna and mackerel oil was 6.1 million pounds--up 27 percent from 4.8 million pounds a year ago. The greatest percentage increase was in the production of fish oil from unclassified species. Fish oil production in this category was 6.9 million pounds--up 35 percent from a year ago.

Demand

U.S. Use of Fish Oil

About 26 million pounds of fish oil was used in the United States in January-September--compared with about 20 million pounds a year ago and 23 million pounds in January-September 1972. The increased use of fish oil reflects the higher prices of competing oils. Fish oil is used in the United States for nonfood purposes only, mainly as an ingredient for protective coatings.

Exports of Fish Oil

The United States exported 137.9 million pounds of fish oil in January-September 1974--22.6 million pounds less than the 160.5 million pounds a year ago. About 90 percent of the exports was menhaden oil. The decline in exports is probably due to rebuilding of U.S. stocks of fish oil, which were sharply reduced in 1973, when exports and domestic consumption exceeded the production by 16 million pounds.

Over 60 percent of the United States exports of fish oil went to the Netherlands in January- August 1974. Sweden took about 9 percent, and Norway about 8 percent. Exports to West Germany were about 9 percent of total exports of fish oil, but consisted of oil from fish other than menhaden.

Table 17.--Industrial use of fish oil in the United States, by month, 1972-74 1/

Month	1972	1973	1974 2/
	Million pounds		
January	1.9	2.5	2.0
February	2.5	2.0	2.6
March	2.1	1.9	2.3
April	2.0	1.8	3.4
May	2.3	2.1	3.2
June	2.2	2.1	2.7
July	3.5	2.4	2.8
August	3.7	3.1	3.9
September	2.6	1.8	3.3
October	2.6	1.6	
November	2.4	2.0	
December	2.2	2.0	
Total 3/	30.0	25.3	

1/ Includes marine mammal oil other than sperm oil and some hydrogenated fat (vegetable and animal) and other fats and oils in process.
2/ Preliminary.
3/ Figures may not add to total because of rounding.

Table 18.--U.S. exports of fish oil 1/, by month, 1972-74

Month	1972	1973	1974 2/
	Million pounds		
January	14.0	6.5	2.3
February	10.3	11.0	1.1
March	0.7	11.1	0.7
April	.9	0.5	0.4
May	5.3	1.0	12.0
June	11.0	25.2	28.0
July	38.3	6.4	53.5
August	2.0	72.6	35.1
September	32.4	26.2	4.8
October	38.0	59.2	49.6
November	6.4	17.5	
December	33.8	11.7	
Total 3/	193.2	248.8	

1/ Excluding whale oil.
2/ Preliminary.
3/ Figures may not add to total because of rounding.

Table 19.--Average monthly prices of menhaden oil 1/, f.o.b. East Coast plants, 1972-74

Month	1972	1973	1974
	- - - - - - - Cents per pound - - - - - - -		
January	7.35	8.75	21.00
February	6.85	2/ 9.60	21.25
March	6.50	2/ 10.25	23.70
April	6.40	10.85	25.70
May	6.95	11.65	4/ -
June	6.80	3/ 11.85	25.00
July	6.90	11.70	25.40
August	7.30	3/ 11.50	26.00
September	7.80	3/ 11.50	25.05
October	8.70	4/ -	25.00
November	8.80	4/ -	
December	8.90	4/ -	
Average 5/	7.25	11.64	

1/ Crude oil in tank cars; prices quoted by brokers at New York City.
2/ Nominal price.
3/ Asking price.
4/ Supplies exhausted, no quotes.
5/ Weighted average.

Table 20.--Average monthly price of tuna and mackerel oil 1/, at Los Angeles, 1973-74.

Month	1973	1974
	- - - - - Cents per pound - - - - - -	
January	5.50	7.08
February	5.10	9.00
March	5.50	12.00
April	5.75	2/
May	6.28	11.00
June	6.72	11.00
July	6.73	12.30
August	6.88	12.83
September	6.97	13.00
October	6.35	14.00
November	6.50	
December	6.91	
Average 3/	6.46	

1/ Crude oil, f.o.b. plant; prices quoted by brokers at Los Angeles.
2/ Supplies exhausted, no quotes.
3/ Weighted average.

Prices of Fish Oil

Prices of fish oil have been comparatively high throughout 1974. The average price of menhaden oil, as quoted by brokers in New York City, was 21 cents per pound in January, about 12 cents higher than a year before. Prices increased to 26 cents per pound in August--14.5 cents above a year ago. October average was about 25 cents per pound.

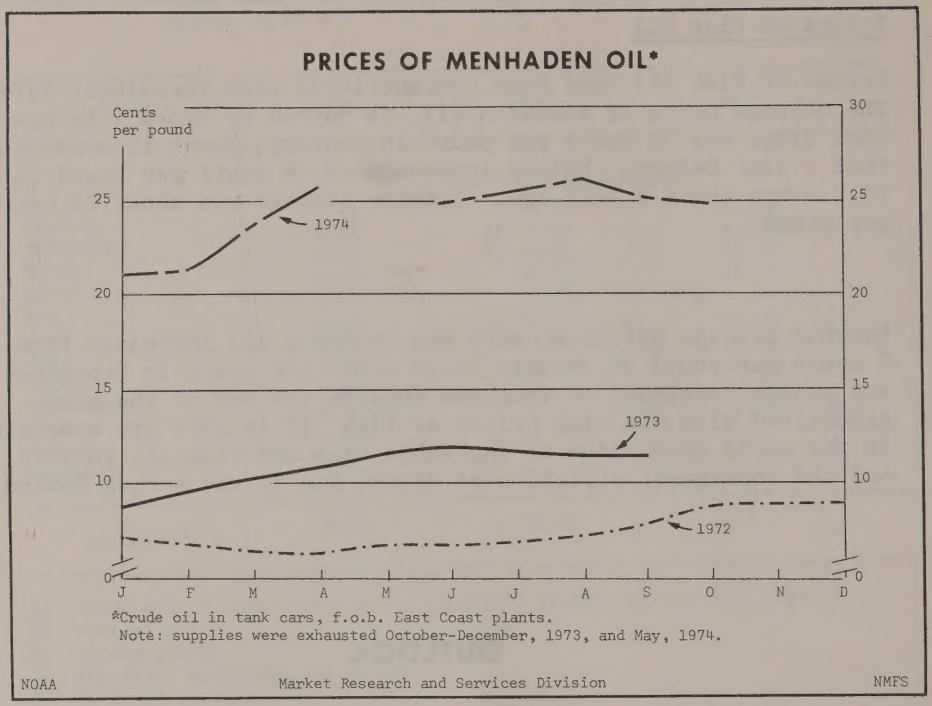
Monthly average prices of tuna and mackerel oil increased from 7 cents per pound in January to 13 cents per pound in September, and prices continued to increase towards the end of the year. Associated with the high prices of fish oil in 1974 are a decline in the world production of vegetable oils and fish oil in 1973 and the consequent depletion of stocks due to the strong demand.

OUTLOOK

The 1974 supplies of fish oil will be above a year ago, and, if the Peruvian anchovy fishing continues to recover in 1975, supplies will increase further.

Total U.S. production of fish oil in 1974 is expected to be about 250 million pounds (113,400 metric tons)--10 percent higher than a year ago. Production in Peru is expected toyield about 225,000 metric tons of fish oil in 1974--more than five times 1973 production. Although production in Norway is down, world supplies are expected to be higher in 1975 than in 1974.

The deomestic and foreign markets of fish oil are influenced by the supply-demand relationship of competing oils, mainly soybean oil and palm oil. Although world production of soybean oil and most other competing oils in 1974 has risen above a year ago, strong demand has kept prices high. Soybean supplies for 1974/75 marketing year are expected to be less than 1973/74, and this tends to diminish oil production. Limited supplies and strong domestic and foreign demand will tend to keep prices of soybean oil high. World supplies of palm oil are expected to continue growing, but new markets for this oil tend to absorb the increase. Consequently, any substantial price decline for palm oil is not likely in the near future. Fish oil prices will greatly reflect the price developments of these competing oils and are likely to continue to remain relatively strong.



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The Secretary of Commerce has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this publication approved by the Office of Management and Budget, July 26, 1973; this approval expires June 1975.

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